



December 23, 2024

**GOVERNANCE FRAMEWORK FOR THE
CLEAN TECHNOLOGY FUND
AND THE
CLEAN TECHNOLOGY FUND
PARALLEL FUND**

**Adopted November 2008, amended June 2014
and December 2024**

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A. INTRODUCTION

1. Climate change is one of the most pressing threats to poverty reduction, shared prosperity, and economic growth and development for all nations. The urgency to act continues to grow, as the UNFCCC projects that the world should be on a net-zero growth path by 2030 to avoid the most severe impacts. Sustained and deep climate action is needed in developing countries, who are less likely to have sufficient resources to adapt to a changing climate or to transition away from a fossil fuel-based energy economy (based on their higher poverty rates, climate-sensitive natural resource base, and level of infrastructure development).

2. Consistent with the experience of the Clean Energy for Development Investment Framework (CEIF),¹ and in recognition of the Bali Action Plan decision² to launch a comprehensive process by addressing, among other things, ways to strengthen the catalytic role of the United Nations Framework Convention on Climate Change (UNFCCC) regime in encouraging multilateral bodies to support adaptation and mitigation in a coherent and integrated way, the African Development Bank, Asian Development Bank, European Bank for Reconstruction and Development, the Inter-American Development Bank, International Bank for Reconstruction and Development (IBRD)/International Development Association (World Bank), and International Finance Corporation (collectively, the Multilateral Development Banks (MDBs)), began to pursue ways to increase the availability of innovative financing through existing and new instruments and to accelerate the access of developing countries to climate finance, building on comparative advantages of the various institutions and their strong development policy dialogue with client countries.

3. Within this context, the Clean Technology Fund (CTF) was established in 2008³ as one of two strategic Climate Investment Funds (CIF), along with the Strategic Climate Fund (SCF). The CTF provides emerging economies with scaled-up financing to contribute to the demonstration, deployment and transfer of low-carbon technologies with a significant potential for long-term greenhouse gas (GHG) emission savings through its partner MDBs.

4. The CTF and the SCF are established as financial intermediary funds under their respective governance frameworks and the direction of the Trust Fund Committees.

5. At the joint meeting of the Trust Fund Committees for the CTF and the SCF, on November 18, 2008, held in Washington, D.C., the CTF adopted its governance framework, which was subsequently amended in December 2011 and June 2014.

6. A parallel and associated fund of the CTF Trust Fund was established and is administered by the Trustee along with the CTF Trust Fund pursuant to the decision taken by the CTF Trust Fund Committee on March 22, 2022 (the “CTF Parallel Fund”), and both the CTF Parallel Fund

¹ The Clean Energy for Development Investment Framework (CEIF), a platform for increasing private and public sector investments in clean energy, was endorsed in April 2007 by the Development Committee, the governing body of the World Bank.

² Adopted by the Conference of the Parties to the United Nations Framework Convention on Climate Change (UNFCCC) in its Decision 1/CP.13.

³ Approval of the establishment of CTF by the World Bank Board of Executive Directors on July 1, 2008: <https://documents1.worldbank.org/curated/en/192211468339559008/pdf/450660MIN0Box3120and0IDA1M200810053.pdf>

and the CTF Trust Fund are for the achievement of the same objective and governed by the same CTF Trust Fund Committee. This Governance Framework for the CTF will apply to the administration of the CTF Trust Fund and the CTF Parallel Fund and references to the CTF will include the CTF Trust Fund and the CTF Parallel Fund unless otherwise specified.

7. The Trust Fund Committees of the CTF and the SCF entered into a Memorandum of Understanding on the Hosting Arrangements for the CIF with IBRD⁴ on 28 June 2023 (the “MoU on the Hosting Arrangements”) to clarify existing practices and set out their mutual understanding of IBRD’s hosting arrangements for the CIF Secretariat. The MoU on the Hosting Arrangements provides that the CTF and SCF Governance Frameworks would be updated to include a dispute resolution and escalation mechanism. The dispute resolution and escalation mechanism is set out in this document as Annex 3.

8. On July 8, 2024, the CTF Trust Fund Committee approved the structure and establishment of a new financing mechanism for the CTF: the CIF Capital Markets Mechanism (CCMM). The CCMM Issuer is established as a public limited company in England and Wales with the sole purpose of raising funds through the issuance of bonds in the capital markets which will be directed to the CTF Trust Fund. These bond proceeds, together with resources held by the Trustee on that date, including reflows, return of other funds, investment income and contributions, comprise the CTF Trust Fund Resources (as defined in the CTF Standard Provisions). The CTF Trust Fund Committee will approve a general borrowing authorization (the “CTF General Borrowing Authorization”), a liquidity policy (the “CTF Liquidity Policy”), a capital adequacy policy (the “CTF Capital Adequacy Policy”), and a risk management policy (the “CTF Risk Management Policy”), in each case recommended by IBRD as treasury manager for the CCMM (collectively the “CTF Financial Policies”), and on an annual basis, an estimate of the maximum commitment level over the next ten years, consistent with the CCMM’s prudential capital adequacy and long-term financial sustainability the CTF commitment authority (the “CTF Commitment Authority”). The resources of the CTF Parallel Fund, comprising loan contributions received after 2020 (the “CTF Parallel Fund Resources” and together with the CTF Trust Fund Resources, the “Total CTF Resources”) will not support the CCMM financing mechanism. The CTF Parallel Fund will not receive funds from the CCMM Issuer and funds in the CTF Parallel Fund will not be transferred to the CCMM Issuer, and the CTF Financial Policies, CTF General Borrowing Authorization, the CTF Commitment Authority approved by the CTF Trust Fund Committee, and the provisions of the Pass-Through Agreement will not apply to the administration of the CTF Parallel Fund.

9. Noting the impact of the CCMM on the governance structure of the CTF, and the entry of the MoU on the Hosting Arrangements, the CTF Trust Fund Committee on October 28, 2024 recommended that the Governance Framework be amended to include provisions in respect of the governance of the CTF Parallel Fund, the establishment and operation of the CCMM and reflect any key aspects of the MoU on the Hosting Arrangements. This Governance Framework was adopted on December 23, 2024.

⁴ <https://www.cif.org/documents/cif-and-wb-hosting-arrangement>

B. PURPOSE AND OBJECTIVES

1. The CTF aims to provide scaled-up financing to contribute to demonstration, deployment and transfer of low-carbon technologies with a significant potential for long-term greenhouse gas (GHG) emissions savings.

The CTF seeks to demonstrate how financial and other incentives can be scaled-up to accelerate deployment, diffusion and transfer of low-carbon technologies.

2. The objectives of the CTF are to finance transformational actions by:

- (a) Providing positive incentives for the demonstration of low carbon development and mitigation of GHG emissions through public and private sector investments;
- (b) Promoting scaled-up deployment, diffusion and transfer of clean technologies by funding low carbon programs and projects that are embedded in national plans and strategies to accelerate their implementation;
- (c) Promoting realization of environmental and social co-benefits thus demonstrating the potential for low-carbon technologies to contribute to sustainable development, including the Sustainable Development Goals;
- (d) Promoting international cooperation on climate change and supporting agreement on the future of the climate change regime;
- (e) Utilizing skills and capabilities of the MDBs to raise and deliver new and additional resources, including official and concessional funding, at significant scale; and
- (f) Providing experience and lessons in responding to the challenge of climate change through learning-by-doing.

C. TYPES OF INVESTMENT

1. The CTF invests in projects and programs that contribute to demonstration, deployment and transfer of low carbon technologies with a significant potential for long term GHG emissions savings. As country circumstances differ, investment programs are developed on a country-specific basis to achieve nationally-defined objectives. The range of options include:

- (a) programs and projects;
- (b) sectoral or sub-sectoral activities in a given country;
- (c) sub-national activities, focused on a particular province/state/municipality;
- (d) regional activities, particularly where cooperation amongst multiple states or other entities is required; and

- (e) through the private sector or public-private partnerships.

2. Investment selection criteria and priorities for the CTF are recommended by the CIF Secretariat, in consultation with the MDB Committee, and approved by the CTF Trust Fund Committee, so as to assess the potential for GHG reductions, demonstration potential, development impact and implementation potential. Investments may include, but not limited to, low carbon actions addressing the power sector (renewable energy, as well as increased efficiency in generation, transmission, distribution, and end-use, energy storage); transportation (modal shifts to public transportation, improved fuel economy, and fuel switching); and large scale adoption of energy efficient technologies and other demand management techniques in the industrial, commercial, and residential building sectors.

D. FINANCING UNDER THE CTF

1. The CTF seeks, through the MDBs, to:

- (a) finance at scale in the near-to-medium term to meet investment needs to support rapid deployment of low carbon technologies and increase energy efficiency;
- (b) optimize blending with MDB financing, as well as with bilateral and other sources of finance, to provide incentives for low carbon development;
- (c) provide a range of financial products to leverage greater private sector investments; and
- (d) provide financial instruments integrated into mainstream development finance and policy dialogue.

2. (a) Allocation of CTF financing is approved by the CTF Trust Fund Committee. Countries accessing CTF financing prepare an investment plan for the use of any Total CTF Resources in major sectors of the economy through a joint MDB program. Alternatively, the CTF Trust Fund Committee may approve a different process to access CTF financing, such as a dedicated funding mechanism that contributes to the achievement of the objectives of the CTF, and may approve allocation of such CTF financing in accordance with the agreed process.

(b) A proposed program or project, developed pursuant to a country investment plan or any other agreed process referred to in (a) above, will be submitted by the relevant MDBs, prior to its appraisal, to the CTF Trust Fund Committee for approval of allocation of the Total CTF Resources. The further processing of a program or project will follow the MDB's policies and procedures for appraisal, MDB Board approval and supervision.

3. CTF financing can provide a grant element, subject to limitations established in the CIF Financial Terms and Conditions as well as by CTF Trust Fund Committee decisions, that is tailored to cover the identifiable additional costs of the investment necessary to make the project viable, thereby providing the appropriate incentive to facilitate deployment of low carbon technologies at scale. The CTF utilizes a range of concessional financing instruments, such as grants and concessional loans, and risk mitigation instruments, such as guarantees and equity.

4. The share of funding allocated to an MDB will be based on country and other program or project requests, the quality of proposals, the comparative advantage of the MDB and experience

in a region/country. The MDBs will rely on their own policies and procedures in developing and managing activities financed by the CTF, and report directly to the CTF Trust Fund Committee on operational matters. The MDBs will be invited to present their views on items under consideration by the CTF Trust Fund Committee.

E. COUNTRY ACCESS TO THE CTF

1. Activities eligible for CIF funding are carried out in countries that:
 - (a) meet Official Development Assistance (ODA) eligibility (according to the Organization for Economic Co-operation and Development/Development Assistance Committee (OECD/DAC) guidelines); and
 - (b) have an active MDB country program. For this purpose, an “active” program means where an MDB has a lending program and/or on-going policy dialogue with the country.

2. When a country is invited by the CTF Trust Fund Committee to access CTF financing through developing an investment plan, the MDBs concerned will conduct a joint mission, involving the CIF Secretariat and other relevant development partners, to discuss with the government, private industry and other stakeholders how the CTF may help finance scaled-up low carbon activities, in line with guidance provided by CIF Secretariat. The CTF Trust Fund Committee will be kept informed of country expressions of interest and planned joint missions. The outcome of the joint exercise will be an investment plan, developed under the leadership of the recipient country, for the use of Total CTF Resources in major sectors of the economy through a joint MDB program. Investment plans will be submitted to the CTF Trust Fund Committee for endorsement, after which further development of activities for CTF financing, including the prioritization of the defined pipeline of projects may commence.

F. ENGAGEMENT WITH PRIVATE SECTOR UNDER THE CTF

1. As the foundation of economic growth, the private sector has a significant role to play in climate change mitigation and adaptation. In pursuing a strategy that will combine public sector reform and private sector action, the CTF will seek to provide incentives necessary to engage private sector actions in achieving the objectives of the CTF. It is recognized that funding structures for engaging the private sector will need to be different to the structures applied for public sector proposal financing. Private sector activities or public sector activities that result in significant private sector co-financing can be funded through investment plans as well as dedicated private sector pathways, which have been in place since 2013 to provide a pathway through which funds can be more specifically channeled to private sector investments that are supplemental to country-driven investment plans.

G. MONITORING AND EVALUATION

1. Each MDB will report annually to the CTF Trust Fund Committee for monitoring and evaluation conducted by the MDB in accordance with its procedures. At the request of the CTF Trust Fund Committee, independent evaluations of the operations of the CTF and the impacts of its activities may be carried out. Such evaluation will be based on the scope and reporting criteria

agreed with the CTF Trust Fund Committee.

H. GOVERNANCE AND ORGANIZATIONAL STRUCTURE

1. The governance and organizational structure of the CTF includes the CTF Trust Fund Committee, any CTF Sub-Committee, the MDB Committee, the CIF Secretariat, the Trustee, the Treasury Manager, and the CCMM Issuer.

CTF Trust Fund Committee

2. The CTF Trust Fund Committee oversees the operations and activities of the CTF, and consists of the following members (the Members):

- (a) eight representatives from contributor countries (or groups of such countries) making the minimum contributions to the CTF pursuant to paragraph 6 below, identified through a consultation among such contributors;
- (b) eight representatives from eligible recipient countries (or groups of such countries), identified through a consultation among interested eligible recipient countries. For the purpose of this paragraph, an eligible recipient country means any country which meets the criteria set out in paragraph E.1 above;
- (c) when the CTF Trust Fund Committee considers an investment plan for a country, a representative of such recipient country, during deliberations of the Trust Fund Committee on the investment plan;
- (d) a senior representative of the World Bank, recognizing the role of the World Bank as the overall coordinator of the CIF partnership;
- (e) a representative of each MDB.

3. Members referred to in paragraphs 2(a) and (b) above are the decision-making Members, and Members referred to in paragraphs 2(c), (d) and (e) above are the non-decision making Members.

4. The meetings of the CTF Trust Fund Committee will be conducted in accordance with the Rules of Procedure of the CTF Trust Fund Committee.

5. Members referred to in paragraphs 2(a) and (b) above serve for a three-year term.

6. In order to be selected as a Member representing a contributor country or countries on the CTF Trust Fund Committee pursuant to paragraph 2(a) above, a contributor country (or group of contributor countries) is required to make a commitment, by way of entering into a Contribution Agreement (as defined in paragraph 22 below) with the Trustee, to contribute to the CTF in no less than the minimum amount determined through a consultation among contributors.

countries. Such minimum amount determined will be notified to the CIF Secretariat and the Trustee.

7. In the event that a part of the contributor's contribution is subject to legislative approval, the contributor may enter into the Contribution Agreement with the Trustee for the total amount of the contribution, but qualify the portion of the contribution, which is subject to legislative approval; provided that if that contributor has not unqualified the portion of its contribution in an amount no less than the minimum contribution within eighteen (18) months of the effectiveness of the Contribution Agreement, that contributor country will not be eligible to apply for a seat at the CTF Trust Fund Committee for the subsequent term until and unless the minimum contribution is unqualified. In no case will a contributor country that has not unqualified an amount equal to or exceeding the minimum contribution serve as a Member of the CTF Trust Fund Committee for a period exceeding two years.

8. If any country, whose representative is identified under paragraphs 2(a) or (b) above to serve as a Member, should no longer be able to serve for its term due to paragraph 7 above or such other reasons, the matter will be submitted to the CTF Trust Fund Committee. The CTF Trust Fund Committee may determine if any action should be taken to reconstitute the number of the Members present under paragraphs 2(a) and (b) after the cessation of the representation by that country, in view of the objective of having equal representation of both groups under paragraphs 2(a) and (b).

9. The CTF Trust Fund Committee is responsible for:

- (a) approving programming and pipeline priorities, operational criteria and financing modalities, including allocations of resources to specific activities;
- (b) ensuring that the strategic orientation of the CTF is guided by the principles of the UNFCCC and the Paris Agreement;
- (c) endorsing further development of activities in investment plans for CTF financing;
- (d) approving allocation of Total CTF Resources for programs and projects;
- (e) approving allocation of Total CTF Resources for administrative budgets;
- (f) ensuring monitoring and periodic independent evaluation of performance and financial accountability of the MDBs;
- (g) approving semi-annual reports of the CTF;
- (h) ensuring that annual reports and evaluations, including lessons learned, are transmitted to relevant bodies like the UNFCCC where appropriate;
- (i) reviewing reports from the Trustee on the financial status of the CTF;
- (j) establishing any CTF Sub-Committee that may be considered appropriate to meet the

objectives of the CTF, including approving terms of reference for such CTF Sub-Committee;

- (k) approving the CTF General Borrowing Authorization and the CTF Financial Policies and any modifications or exceptions thereto and any other responsibilities described in the Treasury Management Agreement;
- (l) approving the CTF Commitment Authority; and
- (m) exercising such other functions as the CTF Trust Fund Committee may deem appropriate to fulfill the purposes of the CTF.

10. The CTF Trust Fund Committee will elect two co-chairs from among its Members to serve for the three-year membership term. One co-chair will be a representative of an eligible recipient country and the other co-chair will be a representative of a contributor country. The co-chairs will be elected following the completion of the selection process of new Members to the CTF Trust Fund Committee.

11. Decisions by the CTF Trust Fund Committee are made by consensus of its decision-making Members. Consensus is a procedure for adopting a decision when no participant in the decision-making process blocks a proposed decision. For the purposes of the CTF, consensus does not necessarily imply unanimity. A dissenting decision maker, who does not wish to block a decision, may state an objection by attaching a statement or note to the decision. If consensus is not possible, then a proposed decision will be postponed or withdrawn.

12. The CTF Trust Fund Committee meets at such frequency as it may decide, but at least once a year. Further, the CTF Trust Fund Committee may, without meeting, review and approve CTF financing for programs and projects and any other matters as needed, at a level and through means and procedures appropriate to such review.

13. In accordance with the provisions of each Financial Procedures Agreement entered into between each MDB, the Trustee and the CIF Secretariat (as MDB Report Recipient), further commitments or transfers of CTF Trust Fund Resources may be suspended in certain circumstances in the event of non-compliance by the MDB with the terms of the relevant FPA.

14. Members of the MDB Committee, representatives of the Trustee and the Treasury Manager attend the CTF Trust Fund Committee meetings as observers.

15. To ensure good linkages with key partners so as to promote the efficient use of resources and continuity with other sources of financing, the CTF Trust Fund Committee invites to its meetings representatives of the Global Environment Facility (GEF), the Green Climate Fund, Adaptation Fund, and the UNFCCC as observers. Representatives of other institutions with a mandate to promote investments in clean technology to address climate change and civil society organizations, including non-governmental organizations and indigenous peoples' organizations, may also be invited as observers at the CTF Trust Fund Committee meetings.

16. In approving allocations of CTF Trust Fund Resources above, the CTF Trust Fund Committee may only make allocation decisions to the extent that the CTF remains in compliance

with its Liquidity Policy at all times and within the limits of the approved CTF Commitment Authority.

MDB Committee

17. To facilitate collaboration, coordination and information exchange between the MDBs and the CIF Secretariat, the MDB Committee, comprising representatives of the MDBs, is responsible for the roles and responsibilities set out in the MDB Committee Terms of Reference, as may be amended from time to time with the approval of the CTF Trust Fund Committee.

18. The roles and responsibilities of the MDB Committee are set out in Annex 1 to this Governance Framework.

19. The MDB Committee will meet at such frequency as it may deem necessary, but at least once a year.

CIF Secretariat

20. The CIF Secretariat facilitates the overall coordination of the CIF between the Trust Fund Committees of the Clean Technology Fund (CTF) and the Strategic Climate Fund (SCF) (TFCs), the MDBs, IBRD as Trustee, Treasury Manager, and host of the CIF Secretariat, and other relevant stakeholders. The CIF Secretariat is housed in the Washington, DC offices of the World Bank and comprised of a team of professional and administrative staff employed by the World Bank.

21. The roles and responsibilities of the CIF Secretariat are set out in Annex 2 to this Governance Framework.

Trustee

22. The IBRD serves as Trustee for the CTF. IBRD, in its capacity as the Trustee, established the CTF Trust Fund and the CTF Parallel Fund to receive contributions from contributors to the CTF, and holds in trust, as a legal owner, and administers the funds, assets and receipts that constitute the CTF Trust Fund and the CTF Parallel Fund, pursuant to the terms of the agreements or arrangements entered into with the contributors in respect of their contributions to the CTF (the “Contribution Agreements”).

23. The Trustee will, subject to the availability of applicable resources in the CTF Trust Fund, the limits of the CTF Commitment Authority, and to the terms of the Contribution Agreements and the Pass-Through Agreement(s), make commitments and transfers of the CTF Trust Fund Resources, in accordance with the approvals of the CTF Trust Fund Committee for allocation of the CTF Trust Fund Resources. Commitments and transfers of the CTF Trust Fund Resources to the MDBs are made in accordance with the relevant Financial Procedures Agreements.

24. The Trustee will transfer funds from the CTF Trust Fund to the CCMM Issuer for the purposes of the CCMM financing mechanism, pursuant to the terms of the pass-through agreement

(the “Pass-Through Agreement”) entered into with the CCMM Issuer.

25. The Trustee will, subject to the availability of applicable resources in the CTF Parallel Fund, and to the terms of the Contribution Agreements, make commitments and transfers of the CTF Parallel Fund Resources, in accordance with the approvals of the CTF Trust Fund Committee for allocation of the CTF Parallel Fund Resources. Commitments and transfers of the CTF Parallel Fund Resources to the MDBs are made in accordance with the relevant Financial Procedures Agreements. Separate Financial Procedures Agreements are entered into between the Trustee and each MDB in respect of each of the CTF Trust Fund and the CTF Parallel Fund.

26. Upon the transfer of funds to the MDBs, the Trustee will have no responsibility for the use of the CTF Trust Fund Resources or the CTF Parallel Fund Resources transferred and activities carried out therewith. The Trustee requires, and accepts from the MDBs, certain periodic financial reports, as agreed between the Trustee and the CTF Trust Fund Committee. Each MDB is responsible for the use of funds transferred by the Trustee and activities carried out therewith in accordance with i) its own policies, guidelines, and procedures and ii) the applicable decisions of the CTF Trust Fund Committee, including the purpose for which the allocations of the funds have been approved.

27. The Trustee provides to the CTF Trust Fund Committee regular reports on the financial status of the CTF Trust Fund and the CTF Parallel Fund, as agreed between the Trustee and the CTF Trust Fund Committee.

28. The Trustee is accountable to the CTF Trust Fund Committee for the performance of its functions.

Treasury Manager

29. IBRD will serve as Treasury Manager in respect of the CCMM and will manage all financial and treasury functions related to the capital market borrowing program of the CCMM Issuer. The Treasury Manager will carry out the activities described in the Treasury Management Agreement, including:

- (a) negotiation and execution of all transactions and operations in connection with the CCMM Issuer bond program in accordance with the CTF Financial Policies, including preparing documentation, negotiating agency and listing agreements, obtaining regulatory approvals and managing the relationships between the CCMM Issuer and the credit rating agencies;
- (b) preparing the CTF Financial Policies, and any amendments or modifications, in each case to recommend for approval by the CTF Trust Fund Committee in accordance with the Treasury Management Agreement;
- (c) implementing the CTF Financial Strategies, including monitoring the performance of the CTF Trust Fund against the CTF Liquidity Policy, assessing the CTF Liquidity Policy, conducting annual reviews of the CTF General Borrowing Authorization and CTF Risk Management Strategy and discussing the results of the review with the

CTF Trust Fund Committee;

- (d) providing the Treasury Manager Report (as defined in the Treasury Management Agreement) and engaging in discussions, at least semi- annually and also on an ad hoc basis as needed, with the CTF Trust Fund Committee and/or the CCMM Sub-Committee concerning the Treasury Management Services, changes in market conditions, changes in regulatory requirements of which the Treasury Manager may from time to time become aware, and other matters material to CCMM operations; and
- (e) carrying out its responsibilities under the Pass-Through Agreement, including the calculations of payments required to be made.

CCMM Issuer

30. The CCMM Issuer is an English public company, established to issue bonds in the debt capital markets. The shares in the CCMM Issuer will be held by separate holding company, with the shares in that holding company in turn being held by a service provider, acting as corporate shareholder, on trust for charitable purposes. The CCMM Issuer is managed by a board of directors. The CCMM Issuer has outsourced its treasury functions to IBRD, in its capacity as Treasury Manager.

31. The CCMM Issuer will from time to time issue various types of debt obligations in the capital markets, in accordance with the CTF General Borrowing Authorization, as approved by the CTF Trust Fund Committee. The CCMM Issuer has certain restrictive covenants imposed on it similar to other special purpose entities including not to engage in any other business beyond that contemplated for CCMM, not to incur indebtedness other than as permitted under the terms of the CCMM documentation, not to have any subsidiaries, not to own or acquire any real property, not to have any employees and not to transfer, assign or otherwise dispose its assets other than as contemplated under the CCMM structure.

32. The CCMM Issuer has appointed IBRD as Treasury Manager to carry out its financial and treasury functions under the Treasury Management Agreement. The CCMM Issuer will work with the Trustee to carry out the activities described in the Pass-Through Agreement.

I. CONTRIBUTIONS

1. In making a contribution to the CTF, through deposits of cash, promissory notes or similar obligations in the form acceptable to the Trustee, each contributor will enter into a Contribution Agreement with the Trustee. The contributions will be administered by the Trustee in accordance with the terms of the Contribution Agreements. The contributions will form part of the CTF Trust Fund Resources or the CTF Parallel Fund Resources, respectively, each as defined in the relevant Contribution Agreement.

2. Contributors have beneficiary interests in the CTF Trust Fund Resources and CTF Parallel Fund Resources, including reflows of funds returned to the CTF Trust Fund or the CTF Parallel Trust Fund respectively, in accordance with and as specified in the relevant Contribution

Agreements.

3. Contributor countries will ensure that their contributions to the CTF are new and additional resources supplementing existing ODA flows otherwise available for developing countries.

4. Bilateral development agencies/banks are encouraged to contribute to the achievement of the objectives of the CTF through bilateral projects or co-financing of projects funded by the CTF. Contributors may report on this bilateral financing to the CTF Trust Fund Committee for its review and confirmation that such bilateral financing conforms to the objectives of the CTF. Activities confirmed by the CTF Trust Fund Committee will be included in the annual report on the CTF.

J. ALLOCATION OF CTF RESOURCES

1. The CTF Trust Fund Committee may approve allocation of available CTF Trust Fund Resources and/or CTF Parallel Fund Resources⁵ for programs, projects and other activities and costs, in the case of the CTF Trust Fund Resources within the limits of the CTF Commitment Authority.

Programs and Projects

2. In approving financing for programs and projects, the CTF Trust Fund Committee will seek to achieve an allocation of resources so that no one country receives more than approximately fifteen (15) percent of the Total CTF Resources.

Administrative Costs

3. The CIF Secretariat, the MDBs, the Treasury Manager, the Issuer and the Trustee perform specific treasury and administrative services and project related activities. Consistent with MDB policies on management of trust funds, compensation for administrative services and project related activities is on the basis of full cost recovery for the entities but should be guided by the principles of value for money, reasonableness, and transparency.

4. Each of the CIF Secretariat, the MDBs, the Treasury Manager, the Issuer and the Trustee will submit to the CTF Trust Fund Committee, for approval, a proposal for compensation for the administrative services and other activities agreed to be provided for the upcoming fiscal year. Upon approval, the Trustee may transfer such amounts to the MDBs from the CTF Trust Fund Resources and/or the CTF Parallel Fund Resources; provided that the amounts of compensation will be subject to an end of year adjustment based on actual costs incurred.

5. In the event that the CTF Trust Fund Committee decides, under paragraph K.1 below, to cease making allocations of funding prior to termination of the CTF Trust Fund and/or the CTF Parallel Fund, each of the CIF Secretariat, the MDBs, the Treasury Manager and the Trustee may submit to the CTF Trust Fund Committee, for approval, a proposal for compensation for the

⁵ The CTF Trust Fund Committee may approve the allocation of CTF Trust Fund Resources, CTF Parallel Fund Resources or a combination of the two for CTF projects.

treasury, administrative services and other activities to be provided until the termination of the CTF Trust Fund and/or the CTF Parallel Fund.

K. REFLOWS

Each MDB is responsible for returning to the Trustee any reflow of funds received by it on any financing instrument provided with the Total CTF Resources in accordance with the approval of the CTF Trust Fund Committee. The credit risk of defaults by borrowers of the CTF financing will be borne by the CTF Trust Fund and the CTF Parallel Fund respectively.

L. SUNSET CLAUSE

1. The CTF Trust Fund Committee may decide to conclude the operations of the CTF Trust Fund and/or the CTF Parallel Fund⁶. In such case, the Secretariat, in collaboration with the MDBs, the Treasury Manager and Trustee, will take all necessary steps to conclude its operations. The Trustee will not enter into any new agreements with contributors for contributions to the CTF. The CTF Trust Fund Committee will decide the date on which it will cease making allocations from the outstanding balance of the CTF.
2. The Trustee will, in accordance with the Contribution Agreements, continue to administer the CTF Trust Fund and the CTF Parallel Fund after the cessation of allocation by the CTF Trust Fund Committee until such date specified in the Contribution Agreements, in order to receive in the CTF Trust Fund and CTF Parallel Fund scheduled reflows of funds from outstanding CTF financing. Following the date so specified in the Contribution Agreement, the Trustee, on behalf of each contributor, will endeavor to transfer the contributor's share to another fund, which has a similar objective as the CTF as determined by the CTF Trust Fund Committee, or otherwise transfer or return the share to such other place, as agreed between the contributor and the Trustee under the Contribution Agreement.

M. CAPITAL RESOURCE REVIEW

The CTF Trust Fund Committee will be responsible for carrying out a review every five years of the effectiveness, efficiency, complementarity, additionality and capital adequacy of the CTF Trust Fund in the context of the global climate finance architecture, taking into account the performance and outcomes of CTF Trust Fund activities up to that point, and, if considered desirable to do so, taking any appropriate steps to support and/or enhance the operations of the CTF Trust Fund, which may inform decisions by individual Contributors on Contributions to the CTF Trust Fund.

N. AMENDMENTS TO THE GOVERNANCE FRAMEWORK FOR THE CTF

The CTF Trust Fund Committee may recommend amendments to any provision of this Governance Framework, which will be sent by the CIF Secretariat to all current contributor countries to the CTF, all current recipient countries that have been allocated funding from the CTF, and the Trustee.

⁶ At the Joint Meeting of the CTF and SCF Trust Fund Committees held in June 2019, the CTF Trust Fund Committee decide to postpone the sunset clause indefinitely.

The amendments will be considered approved if no objections are received within six weeks after the date such amendments are sent. If objections are received within the six-week period, the deadline for approval is extended for a further two-week period to allow for resolution of the objections. The amendments will be considered approved at the end of this two-week period and no further objections will be considered.

ANNEX 1

Roles and responsibilities of the MDB Committee

The roles and responsibilities of the MDB Committee are set out in the MDB Committee Terms of Reference, as may be amended from time to time with the approval of the CTF Trust Fund Committee, and include the following:

- a) coordinating with the CIF Secretariat on the design, development and review of strategy and policy matters, and supporting the CTF Trust Fund Committee's decision-making process related to its overall vision for the CTF's programming, fundraising, guidelines and procedures, overall communication, and external engagement;
- b) reviewing, and/or co-designing proposals relating to the formulation and implementation of:
 - 1) the strategic vision and program criteria/priorities for the CTF, requested by the CTF Trust Fund Committee, to help ensure alignment with the MDBs' and beneficiary countries' climate priorities and financing models;
 - 2) the CTF's policies and operational procedures, to help ensure alignment and complementarity with MDBs' policies and procedures;
 - 3) the CIF's fundraising activities and strategies aimed at leveraging joint MDB resource mobilization efforts and donor outreach; and
 - 4) CTF ad hoc initiatives, to help strengthen early engagement with MDBs and advise on practical implementation;
- c) identifying specific areas of MDB cooperation to harmonize the MDBs' climate change programs and actions, linking their initiatives with CTF programs and projects and encouraging the MDBs to coordinate on funding allocations, distribution, and utilization, considering project pipelines, funding projections and other pertinent information;
- d) prior to each meeting of the CTF Trust Fund Committee, reviewing a provisional agenda and documentation prepared by the CIF Secretariat;
- e) reviewing recommendations proposed by the CIF Secretariat on program criteria and priorities and the activity cycle prior to the CIF Secretariat's submission of such recommendations to the CTF Trust Fund Committee for approval;
- f) undertaking regular reviews of the implementation progress of the CTF and individual funding windows and assisting the CTF Trust Fund Committee and the CIF Secretariat with assessing the strength of the CTF pipeline vis-à-vis funding availability, with coordinating MDB activities, and exploring opportunities for joint MDB operational work;
- g) reviewing operational reports before submission to the CTF Trust Fund Committee on CTF-funded activities, performance, lessons learned, details of the CTF's portfolio, status of implementation, and pending implementation issues;
- h) requesting and ensuring that MDB Committee members share information with the MDB Committee on key elements of CIF investment planning processes (including Expression of Interest design; beneficiary countries' decisions on the coordinating MDB; progress on investment plan preparation; and the status of their underlying project pipelines) to allow for operational coordination and information exchange;

- i) subject to MDB processes and procedures and confidentiality requirements, ensuring that all MDBs promptly share with the CTF Trust Fund Committee, correspondence or other communications received from external stakeholders which are pertinent to the CTF Trust Fund Committee's approval of investment plans or individual CTF projects, and/or which have the potential, in the opinion of the MDB, to pose a reputational risk to the CIF;
- j) reviewing a draft annual consolidated report on the CTF activities, performance, and lessons, including details of the CTF's portfolio, status of implementation, funding allocations for the previous period, pipeline of projects and funding projections, administrative costs incurred, and other pertinent information;
- k) liaising with other development partners, including other multilateral climate and environment funds, bilateral development agencies/banks, for purposes of promoting co-financing of activities through an annual consultation between the MDBs and development partners, including bilateral development banks;
- l) advising the CIF Secretariat on its work program, including the implementation of a comprehensive knowledge management system, results measurement system and learning program, considering opportunities for synergies with the activities of the MDBs;
- m) making funding decisions that have been delegated by the CTF Trust Fund Committee to the MDB Committee, including but not limited to, decisions on country engagement, and investment plan preparation grants. If the MDB Committee reaches an impasse in achieving a consensus further to this provision, it will refer the matter to MDB representatives at the director or equivalent level for resolution, as provided in the MDB Committee Terms of Reference;
- n) appointing a representative (that is not from the International Bank for Reconstruction and Development) to participate in the selection process of the CEO of the CIF Secretariat and consulting with the CEO of the CIF Secretariat in respect of the recruitment of any Deputy CEO and/or CIF Secretariat Program Coordinators; and
- o) performing any other functions assigned to it by the CTF Trust Fund Committee or as described in the MDB Committee Terms of Reference, as approved by the CTF Trust Fund Committee.

ANNEX 2

Roles and Responsibilities of the CIF Secretariat

The CIF Secretariat will be responsible for the following activities:

1. Overall Management of the CIF
 - a) Facilitating the overall coordination of CIF work between the Trust Fund Committees of the (CTF) and the Strategic Climate Fund (SCF), the MDBs, the Trustee, the Treasury Manager, and IBRD as host of the CIF Secretariat, and other relevant stakeholders;
 - b) Preparing, in consultation with the MDB Committee, the Trustee and the Treasury Manager (as applicable), all relevant documentation to be submitted to the TFCs, including the agendas for the TFC meetings;
 - c) Ensuring that all project proposals submitted by the MDBs to the TFCs are accompanied by a cover page setting out basic information concerning the project in accordance with a template to be developed in consultation with the MDB Committee and approved by both TFCs;⁷
 - d) Collaborating with the Trustee, the Treasury Manager and MDBs to ensure that the Trustee and the Treasury Manager receives all the information necessary to carry out its responsibilities;
 - e) Convening and servicing CIF Strategy Meetings and Management Meetings and formal meetings of the MDB Committee;
 - f) Servicing the meetings of the TFCs and Sub-Committees;
 - g) Preparing annual consolidated reports on the CIF's activities, performance, and lessons, including:
 - a. Details of the CIF portfolio;
 - b. Status of implementation;
 - c. Funding allocations for the previous period;
 - d. Pipeline of projects and funding projections;
 - e. Administrative costs incurred; and
 - f. Any other pertinent information.⁸
 - h) Organizing semi-annual consultations with the MDB Committee to discuss strategic priorities and explore joint efforts on external communications, fundraising and knowledge and evaluation activities, which meetings will be timed to occur before, and serve as an input to, the CIF Strategy Meetings;

⁷ Such template will identify key considerations, such as financial mechanism, financial risk rating (High, Medium, Low), historical precedent for similar projects by the MDB, and the state of the project's finances (inc. its annual grant budget).

⁸ Such reports are likely to include reports required in connection with CIF capital market mechanism.

- i) Managing, in collaboration with the MDB Committee, the status and progress of the CIF portfolio to ensure alignment with the mandate set by the TFCs on the use of funds and the timeliness of program implementation;
 - j) Managing the application of CIF priorities, results management framework and other requirements;
 - k) Identifying, tracking, assessing and reporting on the CIF portfolio's risk exposure from all perspectives, including:
 - a. Implementation;
 - b. Financial; and
 - c. Reputation;
 - l) Formulating, consulting on and reviewing CIF requirements, following direction by the TFCs, and in collaboration with the MDBs and the Trustee, recognizing that the CIF operates a business model that follows the operational procedures and policies of the MDBs;
 - m) Monitoring and evaluation of CIF's programs and portfolio in collaboration with the MDBs, subject to the MDBs assuming primary responsibility for monitoring and evaluation of their CIF-funded projects at the project level, and to the CIF Secretariat and the MDBs jointly exploring the extent, if any, to which the MDBs' independent evaluation units may support independent evaluations of the CIF.
2. Representation of the CIF
- a) Managing the CIF's external relationships and partnerships, including, but not limited to,
 - i. Highlighting and elevating the CIF's profile in the climate finance ecosystem;
 - ii. Leading the development and implementation, in collaboration with the MDBs, of the CIF's communication strategy;
 - iii. Managing engagement with external stakeholders and the media on CIF-related matters; and
 - iv. Convening external stakeholders in strategic dialogue on key priorities related to climate action;
 - b) Entering into non-binding arrangements and collaborations with external partners, subject to appropriate approvals to be set out in a CIF Operations Manual; and
 - c) Representing the needs and interests of the CIF Secretariat in meeting with other parts of the CIF governance structure.
3. Innovation
- a) Leading the development of strategic initiatives for the CIF, following direction from the TFCs, in consultation with the MDB Committee and the Trustee;
 - b) Developing and making recommendations to the TFCs, in partnership with the MDB Committee, on among others, new CIF investment programs and other initiatives;
4. Fundraising
- a) Serving as a primary fundraiser with existing and potential contributors;

- b) Developing overall CIF fundraising strategy, and annual CIF fundraising plans in consultation with key CIF stakeholders
 - c) Collaborating with the MDBs on agreed upon collective fundraising efforts;
 - d) Managing relations with contributors in coordination with the Trustee;
 - e) Exploring alternative financing mechanisms, in collaboration with the MDB Committee and the Trustee;
 - f) Pursuing innovative approaches to mobilize private sector investment in climate change mitigation and adaptation in collaboration with the MDB Committee and the Trustee.
5. Knowledge Management
- a) Generating strategic insights from across the CIF's portfolio to enable learning that informs decisions and strategies on priority topics for the CIF and the wider climate finance community, subject to MDBs assuming the primary role in monitoring and evaluation of CIF projects at the project level;
 - b) Conducting background research and analyses as requested by the TFCs;
 - c) Designing and managing a comprehensive database of the CIF's activities, knowledge management system, result measurements system and learning program.
6. CCMM
- a) Carrying out its responsibilities as MDB Report Recipient in accordance with the Financial Procedures Agreements;
 - b) [Working with the Treasury Manager to prepare the CTF Commitment Authority for submission to the CTF Trust Fund Committee for its approval on an annual basis;]
 - c) Providing support and assistance to the Treasury Manager as requested in accordance with the Treasury Management Agreement or performing any functions assigned to it by the CTF Trust Fund Committee in respect of CCMM.

ANNEX 3

Dispute Escalation and Resolution Mechanism

Definition of Terms

1. For the purposes of this provision defined terms shall have the meaning assigned to such terms under the CTF and SCF governance frameworks and the following terms shall have the following meanings:
 - *CEO* means the Chief Executive Officer of the Secretariat of the Climate Investment Funds.
 - *CIF Governance Documents* means the CTF and SCF governance frameworks, together with the Hosting Arrangement (as defined below) and the Financial Procedures Agreements between the MDBs and the Trustee.
 - *CIFSEC* means the Secretariat of the Climate Investment Funds.
 - *Dispute* means an issue within the scope of Paragraph 2 below that cannot be resolved following reasonable effort by the Participants.
 - *Hosting Arrangement* means the Memorandum of Understanding between the Climate Investment Funds and International Bank for Reconstruction and Development on the Hosting Arrangements for the Secretariat of the Climate Investment Funds, dated June 28, 2023.
 - *Participants* or *Participant* means the African Development Bank, the Asian Development Bank, the European Bank for Reconstruction and Development, the Inter-American Development Bank, the International Finance Corporation, the International Bank for Reconstruction and Development, as implementing entities of the CIF, any other entity that may, in the future, become an implementing entity of the CIF, any TFC member acting in its capacity as TFC member, and CIFSEC in the circumstances indicated in this mechanism.
 - *TFC* means the Trust Fund Committee of the CTF or the SCF.

Scope

2. In the event a dispute arises between or among any of the Participants which, (i) in the view of any Participant to the dispute, has an impact on the ability of the CIF to meet its strategic objectives, and (ii) is not covered by any existing dispute resolution processes in the CIF Governance Documents, the dispute may be escalated for guidance as set out below.

Escalation Process

3. The Participants will endeavor to resolve any dispute that arises between or among them, amicably, at the level at which the dispute occurs. If resolution at that level is not possible, the Participants will elevate the dispute to the senior levels of their respective institutions. Failing resolution at Participants' senior levels, the following escalation steps will apply:

MDB and MDB Dispute

- a. Participants to the dispute may notify the CEO of the dispute by email. The notification will be accompanied by a summary of the dispute, which will be prepared by the Participant sending the notification to the CEO.
- b. Upon receipt of such notification, the CEO may, at the CEO's discretion, and within the scope permitted by the CEO's role and responsibilities, work with the Participants to resolve the dispute, with the support of the Chair of the MDB Committee (provided the Chair is not one of the MDBs involved in the dispute, in which case, the CEO may, at their discretion, invite the assistance of one or more of the other members of the MDB Committee).
- c. At any time after being notified of the dispute, the CEO may, at their discretion, inform the Co-chairs of the relevant TFC(s) (i.e. the TFC(s) with oversight responsibility for the program, project, or other subject matter of the dispute) that the dispute has arisen and, at the CEO's discretion, simultaneously, escalate the dispute to the Co-Chairs for resolution.
- d. If the Participants and the CEO and such other members of the MDB Committee as may have been invited to assist have not resolved the dispute within sixty (60) days of the dispute having been notified to the CEO, any of the Participants, or the CEO, may submit the dispute to the Co-chairs of the relevant TFC(s), for their guidance, *provided, however,* that any Co-chair whose Government is involved in the dispute will recuse themselves from engaging in the process provided for in this dispute resolution mechanism. By mutual agreement between the Participants and the CEO and any other members of the MDB Committee who have been invited to become involved, the Participants may submit the dispute to the Co-chairs of the relevant TFC(s) before the sixty-day period provided for in this section has elapsed.
- e. Upon receipt of the request for guidance, the Co-chairs of the TFC(s) receiving the request will meet and decide if the dispute is relevant to one or both TFCs. If the dispute is relevant to both, the Joint TFC Co-chairs will review the dispute and endeavor to use their good offices to help resolve the dispute, including by offering recommendations to the Participants. If only one TFC is relevant, the Co-Chairs of the relevant TFC will review the dispute and endeavor to use their good offices to help resolve it.

MDB and TFC Member Dispute

Steps (a) – (e) apply *except that* either Participant may notify the Co-Chairs of the relevant Trust Fund Committee of the dispute and send the summary description thereof at the same time as they notify the CEO of the dispute.

MDB and CIFSEC Dispute

Steps (a) – (e) apply with the following modifications:

Under Step (a), the MDB will provide the CEO (to whom the dispute may already have been

escalated by CIFSEC), with a summary description of the dispute by email (if it has not already done so when the dispute was escalated above the level at which the dispute arose).

Under Step (b), the CEO will engage the support of the MDB Committee Chair in resolving the dispute (provided the Chair is not one of the MDBs involved in the dispute, in which case, the CEO may, at their discretion, invite the assistance of one or more of the other members of the MDB Committee).

The sixty-day period provided for in Step (d) will begin to toll from the date on which the CEO receives a summary description of the dispute from the disputing MDB, regardless of when the CEO has engaged the support of the MDB Committee Chair, or other MDB representative in resolving the dispute.

4. The Co-chairs, at their discretion, may ask the Chair of the MDB Committee, and/or the CEO to participate in discussions regarding the guidance and any recommendations to be provided to Participants under this provision provided the dispute does not involve the MDB that is serving as the Chair of the MDB Committee either at the time the dispute arises or at the time the guidance is being formulated, or, in the case of the CEO, provided the dispute does not concern the acts or omissions of CIFSEC.
5. Upon request by the Co-chair(s) of the TFC(s), CIFSEC will provide administrative support to them, in the exercise of their responsibilities under this provision, provided that CIFSEC is not a Participant in the dispute.

Resolution

6. Within thirty (30) days of reviewing a dispute referred to it, the Co-chairs of the relevant TFC(s) may invite the Participants to submit their views in a manner agreed by said Co-chair(s). Following the submission, and in a timely manner, but not later than (30) days from receipt of the Participants' requested submissions, the Co-chair(s) will provide guidance (which may include recommendations) to the Participants on resolving the dispute. When disputes for which this mechanism has been invoked are subsequently resolved, either amicably by Management of the institutions involved in the dispute, or, subsequently, with intervention by the CEO and/or Co-Chairs, a summary of the issue and the resolution will be shared with CIFSEC for information. The Co-chair(s) may exercise their discretion whether to instruct CIFSEC to establish and maintain a CIF guidance repository and to include their guidance, and any recommendations made, in such a repository.

Non-Binding

7. Guidance and recommendations provided by the Co-Chairs to the Participants pursuant to this provision will not be legally binding on the Participants. Recourse to the escalation and dispute resolution mechanism provided for in this provision will be voluntary and without prejudice to seeking recourse through other channels, provided, however, that if a Participant decides to seek recourse through another channel, such Participant will promptly inform the Co-chair(s) of that decision. In such circumstances, the Co-chair(s) will allow the dispute to proceed through such other channel and will decline further involvement through this mechanism.

Effective Date

8. This mechanism will become effective in accordance with the amendment procedures of the CTF and SCF governance frameworks.